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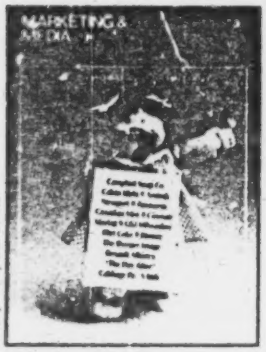
Special Issue

MARKETING & MEDIA Decisions

THE 15 TOP MARKETING SUCCESSES OF 1983

Campbell Soup Co.
Calvin Klein • Amtrak
Newport • Panasonic
Canadian Mist • Cosmair
Maytag • Old Milwaukee
Diet Coke • Riunite
The Sharper Image
Renault Alliance
"The Day After"
Cabbage Patch Kids



Cover photo by Dan Lewis

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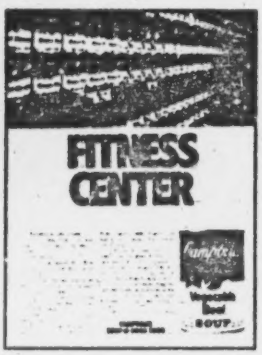

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What distinguished our winners from the competition, is that during the difficult year of 1983, each hewed to a clear-cut marketing plan. These companies continued with their overall and individual product strategies, never lessening the advertising weight, regardless of what the economic indicators were predicting, and made modifications only to seize some sudden advantage.

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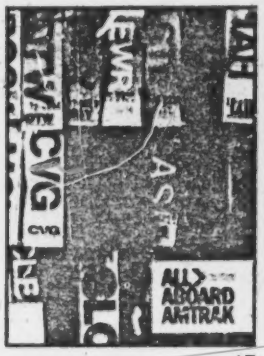

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Coleco Industries scored the marketing sensation of the year with Cabbage Patch Kids. Will the adoption concept prove to be as appealing as this year?

gressive across the board," agrees Sandor Cseh, an analyst at Provident National Bank in Philadelphia. "The unit volume increases started within a year after McGovern became president. And the earnings increases began to show in 1983."

Although McGovern may be, as he insists, "a production man at heart," he seems to have a sixth sense for marketing. Some have called it "McGovern magic." Even Kent Mitchel, vice president of marketing services at General Foods, says, "McGovern is a star. He has come in and shaken things up and it shows because sales are up."

McGovern wants to make Campbell's a "well-being company." He explains: "We don't want to go dietetic, and we don't want to go medicinal." What he does want is "home cooking that's been carefully constructed to meet good nutritional requirements."

"What I'm preaching around here," says McGovern, "is that we have to know first what the trends in demographics are — such as the pig-through-the-python bulge of kids born during World War II, the growth of singles, the sub-baby boom, the dearth of teenagers, families without husbands, and working women who have overwhelmingly impacted the market.

"Then, I throw on top of that, lifestyles. I keep telling about my 83-year-old mother, the grandmother of my children. The difference between the way she eats, the way I eat, and the way my children eat (McGovern calls his 22-year-old son an on-the-run nibbler), are all plainly different. What I'm talking about here is adapting the product attack to demographics and the way people eat."

Stressing that Campbell's is a "product-driven" company intent on satisfying the needs and tastes of today's shoppers, McGovern says he has narrowed down the endless possibilities to a few "hot buttons."

McGovern does not make his judgments by spending time on paper mountains of market research analyses. Instead, he leans heavily on what he calls an "inherent ability to make judgments and to have a sense of the marketplace." His curiosity seems insatiable and whenever McGovern is not driving his managers in the office, he is in supermarkets taking a "grand tour to get a feel of the business."

McGovern is "darn sure" that he's on the right track with a couple of "hot buttons" he's willing to talk about. His certainty stems from his own experiences: he's the one who does the family's Saturday morning shopping run. And he cleans up after dinner.

Maybe it's because he has to do the pots, pans and dishes that McGovern is so high on easy-to-prepare foods. He believes that's the one category that will neither die nor fade away on supermarket shelves. In keeping with that belief, Campbell's is developing a plastic microwaveable soup container that will be introduced regionally this fall. "You just pull the top off it and drink it down with no clean-up, no pots and pans, and no can openers," McGovern says enthusiastically.

That's also the philosophy behind last fall's launch of Le Menu, a premium-priced frozen dinner "that you can come home from work as a working woman, or a husband, or a single and in six minutes you put it right on the table with no touching of any other dishes. You present yourself with some candlelight and a bottle of wine and you've got a delightful meal," says a beaming McGovern.

Le Menu does seem right on target. And it has taken off. Its first year sales, after introduction in September 1983, should exceed $150 million — half of its Swanson's frozen foods volume alone — and McGovern is prodding his managers to think about $170 to $180 million as new Le Menu dinner varieties are introduced.

For a variety of reasons, Swanson's traditional meals had clearly lost favor with shoppers. One big problem was that they weren't suitable for microwaves in a decade when a quarter of the nation's homes — half of them in the trend-setter state, California — had microwave ovens.

But Campbell's was not alone in thinking that an upscale frozen-dinner would pay off. Indeed, Armour Foods beat Campbell's to test markets by one year with its Dinner Classics, and to national roll-out by one month. The two premium dinners are now battling for first place. Nicholas Rago, vice president and general manager at Phoenix-based Armour, concedes that "Le Menu is very good competition in some markets." Spurred by Le Menu and Dinner Classics, frozen-dinner sales climbed 12% in 1982 and then shot up

Campbell Soup Company

divisions	projected sales increase f.y. 1983-84	projected earnings increase f.y. 1983-84	projected sales volume f.y. 1983-84	division's share of total sales	division's share of total earnings
Campbell USA	+15%	+15%	$2.28 billion	60.5%	73%
Pepperidge Farm	+8%	−2% −5%	$470 million	13%	11%
Vlasic	+13%	+9%	$190 million	5%	3%
Mrs. Paul's	+15%	+22.5%	$125 million	3.5%	3%
Other U.S.	+22%	—	$78 million	2%	0%
International	+4%	+22%	$620 million	18%	10%
***Inter-division**	—		$82 million	−2%	

Campbell Soup Co. parent total	total sales (billions)	net earnings (millions)	earnings per share
Fiscal year			
1984	$3.68	$190	$5.90
1983	$3.29	$165	$5.12
1982	$2.96	$150	$4.64
1981	$2.80	$130	$4.00
1980	$2.56	$135	$4.08
1979	$2.25	$120	$3.59

tops in the electronics category."

Sroge also attributes The Sharper Image's success to its customer guarantee. "They promise to meet any lower price for merchandise in their catalog," says Sroge. "Thalheimer has brought a degree of quality and commitment to the direct marketing business that is very beneficial."

The primary way The Sharper Image stays ahead of its competition is by spotting trends before the competition. Not immodestly, Thalheimer asserts, "I have good intuition for picking the trend that is coming next, and that has enabled me to stay a little bit ahead of everybody else."

Thalheimer has spotted some unlikely products that went on to become surprise successes. He cites roller skates among them. "We were the first to spot and advertise roller skates, as they became a fad in California," he boasts. "We bought space in *People* in 1978. We sold over 15,000 pairs of roller skates that year. We were also the first to market inversion boots, which were first made popular in the Richard Gere film, " 'American Gigolo.' " He says, "We put the boots on the first spread of our 1980 catalog, and sold 10,000 pairs in the first six months at $350 a pair."

Thalheimer is also proud of the business he has done in cordless telephones. "We also spotted the cordless phone in 1978, which was almost unknown at the time." He points out that "no one else had the cordless phone, and that sustained us for a whole year. We were also the first to come out with a phone catalog, a year before the start of retail phone stores. Our phone catalog is now going into its third edition. We mailed five million in the spring of 1982, four million last fall, and another four million this spring."

Thalheimer's intuition now tells him that the hottest market is in health and fitness equipment. "Sales from our health and fitness catalog have exceeded our expectations," he declares. Thalheimer backs up his convictions by mailing out 50 million catalogs a year. The main catalog, a hefty 72 pages for 1984 spring, is mailed four times a year, for a total of 32 million copies. Additionally, there are special catalogs: Sports and Fitness, The Phone Book, The Sharper Image Woman, and two others, featuring jewelry and watches. Each one is a slick, glossy dream book of high-tech, trendy toys for adults.

Sharper Image 1984 advertising expenditures

Magazines	$1,000,000
Network tv	$1,200,000
Cable	$ 700,000*
	$3,700,000

* Decisions estimate

For example on page one of the spring catalog, there is a device that is heralded as "Europe's newest thrill machine," an "exercize tool" that will help you bounce your way to aerobic fitness. You have to look twice at the snazzy photograph to see that it is really a stylish $119 pogo stick complete with owners manual. Thalheimer grins when he is reminded of it. "The moment I saw it I loved it. It is just strictly us."

To make sure his books find a wide audience, Thalheimer uses television and print. He's considering trying radio, but he cautions that "many of our products must be shown," so that medium may not pull as well. Thalheimer's biggest print campaign is the one for Nautilus, which appears in 25 magazines this May, mainly upscale men's books such as *Esquire* and the science books. This blitz is budgeted at $700,000, as compared with the normal $100,000 a month allocation.

Television also comes in at about $100,000 a month, with most of that going for 30- and 60-second national spots on the CBS and NBC early morn-

While retailers move into direct mail, Thalheimer is opening stores.

1983 Travel Industry Advertising Expenditures

	$mm	%
Passenger Airlines	398.0	78.4
Car Rental	66.4	13.1
Buses	23.4	4.6
Amtrak	19.8	3.9
Total	507.6	100.0

Source: LNA, Media Records, Radio Expenditures Reports

While Amtrak is the sole voice for the passenger train travel industry, its advertising spending is only 4% of total spending for the mass transportation industry and 5% of what airlines spend. Additionally, the auto industry spends $1.6 billion to make the public automobile-savvy.

Amtrak "doesn't have any reason but to believe in advertising. It has certainly worked for us," says Robert E. Gall, vp of transportation marketing.

Needham has proved to be an instrumental partner in bringing out Amtrak's potential. Shortly after the railroad conducted an agency review, and replaced BBD&O with Needham in 1975, the new ad team began a steady process of convincing Amtrak's top management that advertising pays off.

Now, Amtrak's Gall declares that he "doesn't have any alternative but to believe in advertising. It has certainly worked for us." And the system has boosted its ad budget to match its new convictions. Amtrak's budget has climbed from slightly over half a million dollars in 1975 to nearly $20 million this year, with spot television in key markets receiving almost half those allotments in fringe, dayparts and news. A broad list of magazines is allotted about one-third of the budget, and newspapers receive a fairly sizeable share of the remaining dollars.

While Amtrak's goal is to reach a broad target audience — 18 years and older, earning $15,000 annually — it also has designed ads to attract ethnic groups, the military (since so many stations are near bases), the travel trade and senior citizens (which make up 20% of Amtrak's ridership). Mass media reaches all the targets so that many efforts overlap. But Amtrak spends as much as 15% of the overall budget among the black-oriented media. For example, it advertises on Black Entertainment Television and other black cable programing. Amtrak also advertises in national military publications and on-base cable. The travel trade's percentage of the total spending is small but Amtrak maintains a dominating presence in the books. Ads are also placed in magazines such as *Modern Maturity* to reach the older set.

Needham has overhauled Amtrak's media spending strategy too. It put the brakes on Amtrak's habit of scattering small ad dollars on a widespread basis in response to short-term market problems. Needham told Amtrak the only way it would ever know if advertising would work was to run a test of highly visible advertising in a concentrated market. Using tv, newspapers and radio to promote the new speedier turboliners between Chicago and Detroit, revenues immediately shot up 90%, and have since settled back to 70% increases.

The next phase was to convince Amtrak that it could repeat that pattern on a systemwide basis. Needham spent practically the whole budget — $850,000 — in only a few months to prove that it could also turn around the Metroliner. It was able to demonstrate that for every $1 of advertising Amtrak spent, it got $1.78 back in revenues.

The process was duplicated 10 more times, and all showed similar results. Only then did Needham approach Amtrak management to ask for the unheard of sum of $6 million to improve virtually the entire system, five hubs and 27 feeder markets.

Management agreed, but put in a tracking study for Los Angeles, the toughest market because of its citizens' love for cars. Before the Los Angeles flight of ads began, awareness in January, 1976 of Amtrak as a passenger carrier was 47%. And only 32% intended to climb aboard.

After the campaign, however,

A daring ad risk showed Amtrak that big-spending was not a wasted effort

The creative force behind ads for Amtrak, Michael Robertson, wants to surprise plane riders with how alike the train and its flying competitors really are.

awareness jumped to 87% and the intent to ride rose to 47%. Most importantly, actual ridership grew by 27% so that there was not only a shift of attitudes but also a gain in the cash box.

"That was the turning point," according to Needham's Wallace, a member of the original team for Amtrak. "Since then Amtrak has been a believer in advertising."

While Amtrak is a convert to advertising's power, it may be years, however, before it can afford to match, much less outspend, its competition.

Amtrak's advertising dollars are only 4% of total spending for the mass transportation industry and 5% of airlines' budget. Additionally, the auto industry spends $1.6 billion annually to make the public automotive-savvy.

But Amtrak is already well ahead of most competitors by another measure. Ad dollars represent 5% of sales for Amtrak while the airline's typical percentage is 1% to 1.5%.

Amtrak, though, does need the extra spending power to implant itself firmly on the ground as a viable, self-supporting system. It's ridden to the halfway point, now it must signal ahead that the tracks are clear.

Rebecca Fannin

its products without emphasizing a particular age group. However, with the population aging, preservation, rather than the latest makeup shades, is becoming more important. The emphasis is shifting to treatment. Treatment, says one source, may further expand into body treatment products. Lancôme may segment its advertising along those age lines in the near future, said a former executive of the company.

L'Oreal has had a more tangled history. The hair products, which include Preference hair coloring, drooped until the line adopted the theme, "And I'm worth it." The hair line contributed $65 million to the bottom line in 1983. Ad expenditures were $12 million, with $8 million in network tv and the rest in magazines, a sizeable increase over the $6 to $7 million of just a few years ago.

But the industry itself is in less healthy shape. Last year, hair products grew at only 2%, half their normal growth rate. Price-consciousness is one factor attributed to a 10% growth rate in shampoos versus a minimal 1% growth in conditioners according to an industry source: more and more shampoos are reformulating to include a conditioner. This has had a devastating impact on brand loyalty. According to a recent R.H. Bruskin market study, only 47% of consumers use one brand regularly. Even worse, the brand doesn't matter at all for another 23%.

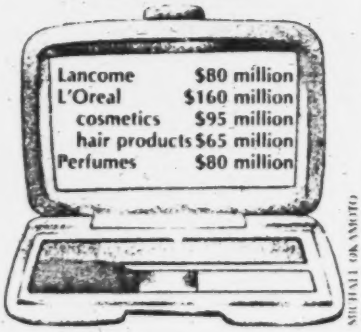
L'Oreal is "not complex in its goals," says a former executive of the company, who points out that L'Oreal is after hair coloring market leader Clairol's customer. Last year, Clairol spent more than three times L'Oreal's investment in advertising. But hair coloring is a no-growth, mature market, and some analysts, like Mottus, doubt that L'Oreal can improve its standing as a "distant second."

One area where the company has made some headway is with the new introduced mousse. The foam aerosol product takes an end-benefit ad approach, compared with the "brilliant image positioning" the line used to establish its hair color in the U.S. But the introduction of similar products by competitors like Alberto-Culver, which spent $15 million on product ads, has led Cosmair to revise sales projections from $50 million to a still respectable $35 million for 1984.

The mass market L'Oreal cosmetics have not done as well as Lancôme — indeed sources pinpoint this part of Cosmair as the drain on profitability. The line, repackaged in-house in 1982, is poised for repositioning.

But L'Oreal's problems have less to do with the company than the competition and the market itself. Pitted against market leader Revlon, which spent close to $50 million behind its flagship, and Natural Wonder brand cosmetics, compared with L'Oreal's $17 million, the U.S. subsidiary still has only a 6% share in drug stores to Revlon's 20%.

1983 estimated sales
$330 million



MICHAEL OSMOND

In other outlets, L'Oreal has "seen substantial growth but not enormous volume," according to a market trends analyst. Nail products, one of the company's strengths in the mass market and a line typical in its growth, grew 126% in unit volume but only increased its market share from 1.8% to 3.4%. Lipsticks, another area of strength for L'Oreal, have a similar brand loyalty problem to shampoos: more than half the users do not use one brand regularly.

Advertising has been getting more attention, though. The bulk of expenditures are in network tv ($15,071,000), supported with advertising in the women's books ($2,766,600). A former L'Oreal marketing executive says that expenditures, which more than doubled last year, will continue increasing at a rapid rate.

"The Revlon customer typifies L'Oreal's target audience," relates the former executive, who points to the younger slant of the L'Oreal ads.

Distribution is going to remain concentrated in the drug chains, where L'Oreal, says Mattus, is "firmly entrenched" as the "top of the line." He also adds that the line is ranked fifth or sixth among mass market cosmetics.

Meanwhile, the Warner acquisition caps an overall successful year for Cosmair. Analysts call the buy "a perfect fit," that should cause Cosmair to further flower. Cosmair's major weakness, up to this point, has been its fragrance line — a curious Achilles heel for a fundamentally French company. Of its major fragrances, Magie Noir, Fidji, and Anais Anais, only the latter has been successful in the States. Despite a proliferation of fragrances in recent years, the area tends to have a greater degree of brand loyalty than cosmetics, an observation supported by the $20 million Anais Anais squirted to Cosmair last year, only its second on the counter.

Warner's strength, on the other hand, is in Vanderbilt, called one of the most successful new fragrances in years. In 1983, when sales were flat for the mature industry, sales grew to $45 million from $30 million. Warner also owns the Ralph Lauren cosmetics line, which has so far been unsuccessful internationally. John Ledes, publisher of *Beauty Fashion* magazine, explains, "Warner is a disaster internationally. Now, they will be able to take their lines to a bone-crunching international marketing organization." Cosmair has announced that management will be led by George Friedman, regarded as "the best in the business."

The outlook for the industry overall is pale. The outlook for Cosmair, on the other hand, points to another year of aggressiveness in the marketplace: "They have been very selective in the way they have pursued expansion in the past," says Salomon Bros. analyst Diana Temple, "with attention paid to what was possible to do competitively."

What is sure is that competition will become even more ferocious if the overall growth rate continues to stagnate. "We're going to see how deep everyone's pockets are," predicts Mottus. Cosmair looks to be able to receive *beaucoup d'argent* for its drive to best the proud and powerful Estée Lauder. *C'est la guerre.*

Laura Konrad Jereski

include "just for the thrill of it," or "just for the fun of it."

The tactic of relying on spot tv was dictated by Coca-Cola USA's agreements with its bottlers to hold advertising for the new drink only to territories where it was available. That ruled out network television use. To get the widest reach, diet Coke concentrated on spot tv. Says Lamattina, "We didn't use cable. We were looking for the broadest possible coverage." For the most part, that decision also ruled out print. Spot radio and outdoor were also not high priorities.

John Fraser, account executive at SSC&B on diet Coke explains that the roll-out of caffeine-free diet Coke somewhat altered the original media strategy. "The introduction of caffeine-free, in some areas, came only three months after the introduction of diet Coke. That disrupted the schedule from a sustaining one and brought media levels up again." He adds that "we were in spot tv through all of 1983, and were still rolling-out in 20% of the country in the last half of 1983."

Fraser also credits the media plan with holding down the sales cannibalization of Tab to lower than projected levels. (Coke executives were prepared to see 50% of Tab's drinkers defect to diet Coke. About 35% of the new drinks sales come from Tab buyers.) Print was not used because that would infringe upon the Tab franchise. "We positioned as far away from the Tab brand personality as we could," emphasized Fraser. Tab does use magazines and that's why we decided to keep diet Coke out of them. We counted on pure taste strategy to keep them apart." But, he says, "Diet Pepsi does have a taste theme, so with the taste issue we could cut more into Diet Pepsi's business than Tab's. We drove as wide a berth around the Tab position and franchise as we could," he notes. "In a sense, we're the victims of our own success."

diet Coke 1983 advertising expenditures

Spot tv	$15,695,900
Spot radio	$ 571,200
Outdoor	$ 564,200
	$16,824,300

Tab 1983 advertising expenditures

Network tv	$13,606,200
Spot tv	$10,123,200
Spot radio	$ 185,700
Total	$23,915,100

Diet Pepsi 1983 advertising expenditures

Network tv	$ 8,814,500
Spot tv	$11,775,100
Spot radio	$ 1,186,000
Total	$21,775,600

However, several things will change this year. With the product now in national distribution, network television became the primary medium. The buy continues as orginally defined by Lamattina: "We're not going into any programing that is excessively violent. We don't want to be in anything really heavy. And we're not interested in scatter plan buys. That would indicate we're just interested in buying time; we're not. We'll go by the programing," he declares.

With diet Coke now in place, Dyson can get on with his three cola strategy. "This three cola strategy revolved around keeping all three brands in the right mix, he comments. "Tab is still one of the top selling brands in the U.S. The world-wide sales of Tab and diet Coke in 1983 exceed the world-wide sales of Tab in 1982 by 76%. The use figures are close to that." Dyson argues that "they all work in tandem. The positioning is different, and this gives us an absolute hammer lock on the market, and there's no way that we will relinquish that position."

As for media budgets in 1984, diet Coke's will probably increase by about 15%, projects Dyson. While regular Coke will continue to get the largest share of support, he advises that "we will see that diet Coke gets an absolutely free reign. We will continue to measure the market for awareness." Dyson assures that "if the brand continues to grow in share we will spend more. But there's no formula. It's a subjective judgment. That's what management is all about, judging from the gut."

Fred Gardner

This coupon entitles you to thousands of free shoppers

Why? Because your food ad reaches so much extra spending power in Syracuse that it's like getting thousands of extra food shoppers free. In fact, Syracuse spends an average of $1,474* per person on food, while the average market spends only $1,150.*

Let us show you why the Syracuse Newspapers are the best way to reach this profitable market. Send this coupon today.

*1983 S & MM Survey of Buying Power

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The Post-Standard

the Honda Civic, Mazda GLC, Ford Escort, Nissan Sentra, and the Toyota Corolla. Its secondary competitors include the Honda Accord, Toyota Corona, Chevrolet Cavalier and Mazda 626. A second research session in 1981 canvassed 350 people to refine the car's positioning for advertising and marketing campaigns.

The clinics provided Grey with plenty of insights, but little direction on several crucial questions. Among the most important considerations were how the car should be positioned. There were several options. It could be seen as a domestic or as an import; an AMC or Renault model.

What was clear from the research was that the ads should stress the car's distinguishing characteristics, mainly its good value for the money. The Alliance carries a sticker price of $5,959. For example, the car offers high fuel-efficiency — garnering 52 mpg on the highway and 38 mpg in the city (the highest rate at that time). The car also features independent suspension and electronic fuel injection like the higher-priced European imports.

The car's pricing strategy was derived from a Renault principle — to provide more content at a competitive price, or equal content at a slightly lower price. Since the Alliance offers several things that its sub-compact competitors do not — among them pedestal seating, which allows more leg room and fuel injection — it was decided to go for a competitive price that represented good value, but would not cheapen the car.

Against this backdrop, Grey found that the Renault name ranked low in top-of-mind awareness. Only 2% of those queried could accurately connect the Renault title, while 34% could identify Chrysler and 60% recognized the Ford logo. AMC's awareness level was only slightly better than Renault's, but it was steadily diminishing. (Renault is now known by 17% of the population, while AMC has climbed back to 21%.)

Several other factors complicated the decision on how the car should be positioned. For instance, while imports were perceived as offering higher quality, a patriotic backlash was developing. More consumers were saying that they would only consider purchasing a domestic vehicle. (Rising Japanese car sales and the subsequent loss of jobs here at home had taken their toll). Yet, the Alliance team had to grapple with the fact that the consumers most likely to buy their car had already bought at least one import model.

What they went with was a split decision. "We decided that if we went for import considerers, the Renault name would work well," remembers Maloof. "But we could further enhance the product if we said it was made in America. Then we could get the 'buy in America' people on our side." He adds that "they would have some reassurance that parts would be available for the car." (Indeed, Amer-

Sales figures for AMC/Renault

Domestic cars
1983 — 193,351
1982 — 112,433

Renault import sales
1983 — 33,229
1982 — 37,540

Jeep
1983 — 82,140
1982 — 63,761

Domestic car sales by model

Eagle
1983 — 31,207
1982 — 35,209

Alliance
1983 — 126,008
1982 — 30,173

Encore
1983 — 20,182
1982 — not sold

Spirit
1983 — 4,441
(phased out in 1983)
1982 — 16,182

Concord
1983 — 11,518
(phased out in 1983)
1982 — 30,869

Renault import models

Le Car
1983 — 11,148
(phased out in U.S. in 1983)
1982 — 20,107

18i
1983 — 6,053
1982 — 7,559

Fuego
1983 — 16,028
1982 — 9,874
(its first year in U.S.)

Jeep models

CJ
1983 — 36,308
1982 — 29,718

Scrambler
1983 — 4,678
1982 — 7,138

Cherokee
1983 — 4,165
1982 — 5,796

Grand Wagoneer
1983 — 19,155
1982 — 15,547

Jeeps introduced fall 1983
Cherokee XJ
1983 — 8,729

Jeep Wagon XJ
1983 — 4,842

stalled him as president in 1970. Just as quickly, Judge instituted a brand manager system. And, he also hired the man who succeeds him as president (he recently moved up to chairman), J. Robert Ave, as a group manager. High on the list of priorities was the resurrection of Newport, which had lost its puffers on the West Coast, and more than half of its market share.

Judge and Ave went back to the ad agency for Newport, Will Graham Advertising (which was purchased after Graham's death by MCA) to develop new marketing and advertising strategies. By then, the brand had retreated to just one area of strength, the Northeast. But out of that disappointing fact has come the local marketing approach that has been building share over the past 12 years.

The smoke was again reformulated and repositioned; this time it was given a flavor somewhere between the heavy menthol blast of Kool and the mild tang of Salem. The game plan, according to George Telford, group brand director, was to play the middle against both ends. "There are only three major freestanding menthols and we repositioned to pick up the smokers who were tired of the heavy menthol taste." To accompany this revamping, Will Graham headlined the slogan, "Alive with Pleasure."

Given the brand's small sales area, its limited budget was naturally allocated to local media. "Sixty-five percent of the budget was put into local media, and the rest invested in regional editions of national magazines," recalls Hammer. The mainstay of the media plan then — and still — is outdoor.

That media strategy was, and continues to be a perfect match for Newport's user profile, which is predominantly young adult with a strong appeal to black smokers. It's not that Newport went looking for those groups, notes Telford, "it's just the way it happened." Couples, mostly in fun-type action situations are usually depicted in ads. However, quite often, the frolicking twosomes aren't shown smoking. Explains Telford: "We strongly feel that the creative should be natural. Consequently, people are shown smoking only when they would be smoking. You don't smoke while you're snorkling. Also, we want the

"Newport's creative is more up-beat and highly visible."

DAWN SIBLEY
Media Director, MCA

people in our ads to look real, not modely."

Another factor in refining Newport's strategy is understanding the demographics of the Kool target audience. Most of Newport's increases are coming directly from Kool and other full flavor brands. Since blacks seem to favor menthol smokes, Newport does quite a bit of advertising and promotion to this group. Newport's management, based on input from the sales force, finds outdoor advertising very effective in appealing to a black audience.

Indeed, Telford and Hammer emphasize the degree to which the advertising and marketing thrust for Newport is dependent upon reports from the field sales force. "The brand grows in small pockets," points out Hammer. "Our strategy is to expand out from those pockets over a two or three year period and fill out sales in those areas."

The strategy worked: over the next four years, Newport sales expanded at an 11% rate. This was doubly encouraging because interest in the low tar/low nicotine cigarettes was beginning to spark, and Newport was positioned as a full flavor brand. So having proved that a declining share trend could be reversed, Lorillard decided to raise its sights. "Management said, if you've got a winner in the Northeast, see what can be done with the rest of the country," states Hammer.

Newport 1983 advertising expenditures

Magazines	$ 5,323,800
Outdoor	$ 9,824,300
Newspapers	$ 486,600
Total	$15,616,700

In 1977-78, an experimental sales program was initiated in selected centers in the Southeast. Working with the same strategy — local media, emphasis on outdoor backed by regional editions of national magazines — double-digit growth was quickly rung up.

"The question then became how to increase the continued growth of the brand" says Hammer. "We were strong in the Northeast and Southeast, but not strongly supported by national media except for some national magazine spillout," he explains. "So we looked at population trends. We identified the sunbelt as the prime growth area."

But that meant Lorillard would have to own up to, and correct its past mistakes out West. "In the far West the brand had been totally forgotten," admits Telford.

Lorillard reintroduced Newport in San Francisco, Los Angeles and San Diego, with the same tactics. And with happier than previous results. The brand soon attained a two percent share. "From the point of view of the West, I see Newport as the best new brand in the country," declares Telford.

Signaling its growth, and competitive conditions, Newport has come out with multiple packings and line extensions. A Lights formulation was introduced in 1977 with significant success. Telford notes, "Extensions are often introduced to stop share erosion. In the case of Newport, it was done to gain share rather than to halt share loss."

The one sour note in Newport's family has been the poor performance of the non-menthol, red version. After a promising start, it failed to catch fire and Telford concedes that it confused the menthol smoker without bringing in the non-menthol smoker.

Newport's success, to a large degree, hinges on the local sales force, and its findings. "If a sales person says he or she can get the brand into a particular neighborhood, or try a different packing, we go along with it and pro-

Escapism is the third creative theme people saw — or at least wished — themselves in the ad.

Models were left out of the ads for this reason. Tests showed that the observer would talk about the people in the ad and forget about the scenery and the product. Says Ballard, "We didn't want to say that this is good for you only if you're six feet tall with a mustache. We wanted to say that this scenery belongs to you if you're eight foot tall or four foot tall."

Although Canadian Mist's price is lower than its rivals — thanks to the fact that the liquor is bottled in Louisville and hence saves in tax and transportation charges on the journey from Canada, and because it is lower proof — price is never mentioned in the advertising. The reason is simple: from the outset, Brown-Forman decided to position Mist as a quality alternative to V.O. and C.C. (drinkers of which are very quality conscious). The fancy bottle and the logo, "Canada at its Best," help to instill that impression. But when the consumer bought the whiskey, he would get his "pleasant surprise." This price/quality symbiosis helped generate trial usage in the early days when the brand was unknown and has done the same ever since.

Phases

In January, Canadian Mist broke a new campaign that featured a somewhat larger bottle than in previous ads. It is running as a gatefold in selected publications and as a full page in *USA Today*.

Unbeknownst to those who care about such things, this represents not only a significant departure for Canadian Mist's advertising — where "subtlety" has long been the watchword — but the culmination of a decade long program designated in phases. The new ad is part of "phase five" and is designed to increase "unaided brand awareness," long a thorn in Canadian Mist's perfectionist side.

Once again, research illuminated the flaw: when drinkers thought of "Canadian whiskey" many would say "V.O." or "Canadian Club" — even when they had Canadian Mist at home. The reason: both V.O. and C.C. have greater unaided awareness because they are more prestigious. "We joke that we have the greatest unknown brand success story," says Ballard.

Each of the four prior phases had their own distinct task:

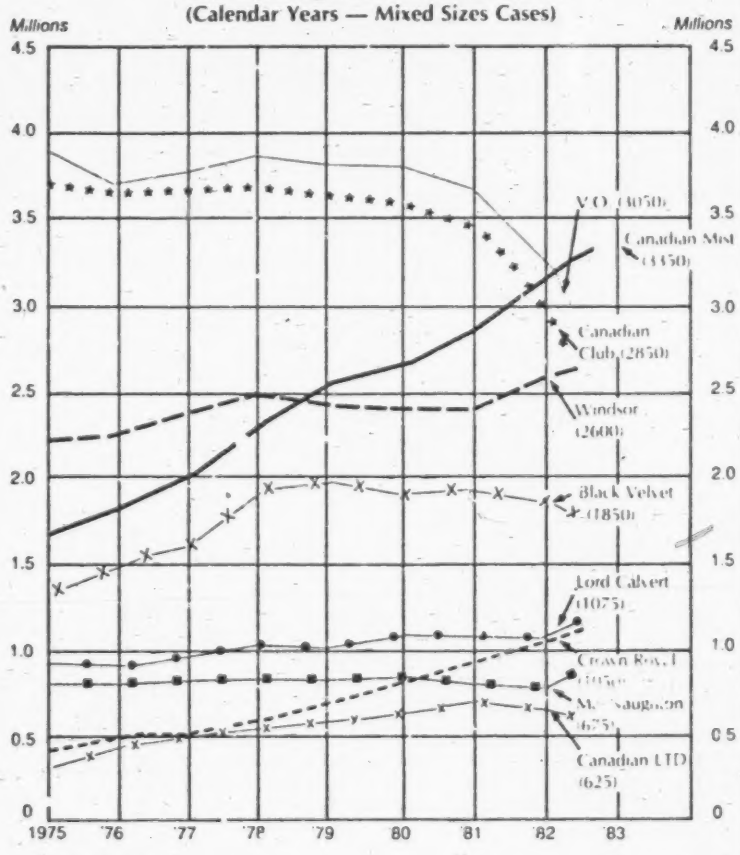
Phase one was initiated in 1971. At that time Canadian Mist was in its "fighter boy" status, as insiders refer to the old days. Distributers had never heard of the whiskey, nor had the consumer. The Brown-Forman sales force took to the field and began to build distribution. Meanwhile, management was looking for ways to increase the all-important trial usage. For the only time in its advertising history (except when at Barton's) the product's lower price was touted. Trial began to climb.

By the time phase two rolled around, Brown-Forman began to know more about their Canadian Mist customer — and knowing this, they knew where to find more of them. Essentially, each drinker has a "wardrobe" of drinks: not only do they drink whiskey on certain occasions, but they drink gin, scotch, beer, and other liquors on different occasions. "In our franchise the wardrobe is vast and varied," says David Edwards of McCann. Recognizing these habits, Canadian Mist's marketers built up usage by building the brand's *awareness*. Explains Ballard, "If you're ready to drink a whiskey, then Canadian Mist is your choice, that's our ideal."

Phase Three was devoted to social drinking. Two glasses were featured in the ads, and the tagline "Share some tonight" was employed.

Phase four took yet a different turn. Quality was the new catchword while Mist's marketers strove for equity with V.O. and C.C. "Canada at its Best" was featured more prominently in the ads and, for the first time, bleed was used in the magazine ads.

Sales of leading bottled Canadian brands
(Calendar Years — Mixed Sizes Cases)



Source: Business Week
* Numbers in parentheses indicate 1983 sales